



Senate

General Assembly

File No. 236

January Session, 2005

Substitute Senate Bill No. 1034

Senate, April 11, 2005

The Committee on Insurance and Real Estate reported through SEN. CRISCO of the 17th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT ESTABLISHING THE NUTMEG HEALTH PARTNERSHIP INSURANCE PLAN.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (i) of section 5-259 of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective*
3 *October 1, 2005*):

4 (i) The Comptroller may provide for coverage of employees of
5 municipalities, nonprofit corporations, community action agencies and
6 small employers and uninsured individuals, individuals eligible for a
7 health coverage tax credit or members of an association for personal
8 care assistants under the plan or plans procured under subsection (a)
9 of this section, provided: (1) Participation by each municipality,
10 nonprofit corporation, community action agency, [or] small employer,
11 [or] uninsured individual, eligible individual or association for
12 personal care assistants shall be on a voluntary basis; (2) where an
13 employee organization represents employees of a municipality,

14 nonprofit corporation, community action agency or small employer,
15 participation in a plan or plans to be procured under subsection (a) of
16 this section shall be by mutual agreement of the municipality,
17 nonprofit corporation, community action agency or small employer
18 and the employee organization only and neither party may submit the
19 issue of participation to binding arbitration except by mutual
20 agreement if such binding arbitration is available; (3) no group of
21 employees shall be refused entry into the plan by reason of past or
22 future health care costs or claim experience; (4) rates paid by the state
23 for its employees under subsection (a) of this section are not adversely
24 affected by this subsection; (5) administrative costs to the plan or plans
25 provided under this subsection shall not be paid by the state; (6)
26 participation in the plan or plans in an amount determined by the state
27 shall be for the duration of the period of the plan or plans, or for such
28 other period as mutually agreed by the municipality, nonprofit
29 corporation, community action agency, small employer, uninsured
30 individual or association for personal care assistants and the
31 Comptroller; and (7) nothing in [public act 03-6 of the June 30 special
32 session*] this section or section 12-202a, as amended by this act, 38a-
33 551, 38a-553 or 38a-556, shall be construed as requiring a participating
34 insurer or health care center to issue individual policies to individuals
35 eligible for a health coverage tax credit. The Comptroller may arrange
36 and procure for the employees, uninsured individuals and eligible
37 individuals under this subsection health benefit plans that vary from
38 the plan or plans procured under subsection (a) of this section.
39 Notwithstanding any provision of law the coverage provided under
40 this subsection may be offered [to employees] on either a fully
41 underwritten or risk-pooled basis at the discretion of the Comptroller,
42 except that coverage offered to small employers shall be fully
43 underwritten in accordance with part V of chapter 700c. For the
44 purposes of this subsection, (A) "municipality" means any town, city,
45 borough, school district, taxing district, fire district, district department
46 of health, probate district, housing authority, regional work force
47 development board established under section 31-3k, regional
48 emergency telecommunications center, tourism district established

49 under section 32-302, flood commission or authority established by
50 special act, regional planning agency, transit district formed under
51 chapter 103a, or the Children's Center established by number 571 of
52 the public acts of 1969; (B) "nonprofit corporation" means a nonprofit
53 corporation organized under 26 USC 501(c)(3) that has a contract with
54 the state; (C) "community action agency" means a community action
55 agency, as defined in section 17b-885; (D) "small employer" means a
56 small employer, as defined in subparagraph (A) of subdivision (4) of
57 section 38a-564, as amended by this act; (E) "eligible individuals" or
58 "individuals eligible for a health coverage tax credit" means persons
59 who are eligible for the credit for health insurance costs under Section
60 35 of the Internal Revenue Code of 1986, or any subsequent
61 corresponding internal revenue code of the United States, as from time
62 to time amended, in accordance with the Pension Benefit Guaranty
63 Corporation and Trade Adjustment Assistance programs of the Trade
64 Act of 2002 (P.L. 107-210); [and] (F) "association for personal care
65 assistants" means an organization composed of personal care
66 attendants who are employed by recipients of service (i) under the
67 home-care program for the elderly under section 17b-342, (ii) under the
68 personal care assistance program under section 17b-605a, (iii) in an
69 independent living center pursuant to sections 17b-613 to 17b-615,
70 inclusive, or (iv) under the program for individuals with acquired
71 brain injury as described in section 17b-260a; and (G) "uninsured
72 individual" means an individual who has no access to employer-
73 sponsored or government-sponsored health insurance.

74 Sec. 2. Subsection (k) of section 5-259 of the general statutes is
75 repealed and the following is substituted in lieu thereof (*Effective*
76 *October 1, 2005*):

77 (k) The Comptroller shall submit annually to the General Assembly
78 a review of the coverage of employees of municipalities, nonprofit
79 corporations, community action agencies, small employers under
80 subsection (i) of this section and eligible individuals under subsection
81 (i) of this section beginning February 1, 2004, and uninsured
82 individuals beginning February 1, 2007.

83 Sec. 3. Subdivision (4) of section 38a-564 of the general statutes is
84 repealed and the following is substituted in lieu thereof (*Effective*
85 *October 1, 2005*):

86 (4) (A) "Small employer" means any person, firm, corporation,
87 limited liability company, partnership or association actively engaged
88 in business or self-employed for at least three consecutive months
89 who, on at least fifty per cent of its working days during the preceding
90 twelve months, employed no more than fifty eligible employees, the
91 majority of whom were employed within the state of Connecticut.
92 "Small employer" includes a self-employed individual. In determining
93 the number of eligible employees, companies which are affiliated
94 companies, as defined in section 33-840, or which are eligible to file a
95 combined tax return for purposes of taxation under chapter 208 shall
96 be considered one employer. Eligible employees shall not include
97 employees covered through the employer by health insurance plans or
98 insurance arrangements issued to or in accordance with a trust
99 established pursuant to collective bargaining subject to the federal
100 Labor Management Relations Act. Except as otherwise specifically
101 provided, provisions of sections 12-201, 12-211, 12-212a and 38a-564 to
102 38a-572, inclusive, which apply to a small employer shall continue to
103 apply until the plan anniversary following the date the employer no
104 longer meets the requirements of this definition.

105 (B) "Small employer" does not include [(A)] (i) a municipality
106 procuring health insurance pursuant to section 5-259, as amended by
107 this act, [(B)] (ii) a private school in this state procuring health
108 insurance through a health insurance plan or an insurance
109 arrangement sponsored by an association of such private schools, [(C)]
110 (iii) a nonprofit organization procuring health insurance pursuant to
111 section 5-259, as amended by this act, unless the Secretary of the Office
112 of Policy and Management and the State Comptroller make a request
113 in writing to the Insurance Commissioner that such nonprofit
114 organization be deemed a small employer for the purposes of this
115 chapter, [or (D)] (iv) an association for personal care assistants
116 procuring health insurance pursuant to section 5-259, as amended by

117 this act, or (v) a community action agency procuring health insurance
 118 pursuant to section 5-259, as amended by this act.

119 Sec. 4. (NEW) (*Effective October 1, 2005*) Any licensed health insurer
 120 or health care center may design and issue health insurance policies or
 121 plans that offer flexible benefits designed to reduce health insurance
 122 premiums or fees provided such policies or plans meet the
 123 requirements of title 38a of the general statutes. Such policies and
 124 plans may include, but need not be limited to, policies and plans that:
 125 (1) Offer choices among provider networks of different size; (2) offer
 126 different deductibles depending on the health care facility used; (3) use
 127 both deductibles and coinsurance; or (4) offer prescription drug
 128 benefits that use any combination of deductibles, coinsurance and
 129 copayments, including, but not limited to, policies and plans that use
 130 different combinations at different benefit levels.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2005</i>	5-259(i)
Sec. 2	<i>October 1, 2005</i>	5-259(k)
Sec. 3	<i>October 1, 2005</i>	38a-564(4)
Sec. 4	<i>October 1, 2005</i>	New section

INS *Joint Favorable Subst.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact: None

Municipal Impact:

Municipalities	Effect	FY 06 \$	FY 07 \$
Various Municipalities	Savings	Potential	Potential

Explanation

The state will bear no costs associated with the inclusion of uninsured individuals in the Municipal Employee Health Insurance Program (MEHIP) provided under the bill. MEHIP is sponsored by the Office of the State Comptroller (OSC) and managed by a third party administrator. By design, any costs incurred by the program are passed on to the participants.

As of March 2005, MEHIP covers 247 groups consisting of 14,000 lives with an average annual premium per MEHIP member of \$7,250, according to the OSC.

The bill also permits licensed health insurers and HMOs to design and issue plans that offer flexible benefit design. If MEHIP were to offer such plans at lower premiums, it is possible that municipalities participating in MEHIP could achieve savings.

OLR Bill Analysis

sSB 1034

***AN ACT ESTABLISHING THE NUTMEG HEALTH PARTNERSHIP
INSURANCE PLAN*****SUMMARY:**

This bill authorizes the comptroller to arrange for health care insurance for uninsured individuals, defined as people with no access to employer- or government-sponsored health insurance. By law, she already has authority to arrange coverage for municipalities, nonprofit community action agencies, state-contracted nonprofit corporations, regional emergency telecommunications centers and tourism districts, and small employers. (This comptroller-arranged insurance coverage is commonly referred to as the Municipal Employees Health Insurance Plan or MEHIP.) The bill expands her annual report to the legislature on the use of this coverage to include its use by uninsured individuals starting February 1, 2007.

The bill excludes from the definition of "small employer," community action agencies obtaining health insurance through MEHIP. As a result, such groups are not subject small employer health insurance plan requirements, including the use of adjusted community rating.

The bill also permits licensed health insurers and HMOs to design and issue plans that offer flexible benefit designs. It permits such plans to use both deductibles and coinsurance and offer (1) a choice of different sized provider networks; (2) different deductibles depending on the health care facility used; and (3) prescription drug benefits that use any combination of deductibles, coinsurance, and copayments, including different combinations at different benefit levels.

EFFECTIVE DATE: October 1, 2005

BACKGROUND***MEHIP***

Connecticut law requires participation in MEHIP to be voluntary. It also requires that (1) MEHIP not affect the rates the state pays for state

employee health plans and (2) the participants pay all MEHIP administration costs.

Adjusted Community Rating

Connecticut law requires insurers and HMOs to use adjusted community rating when developing premium rates for small employer groups. Community rating is the process of developing a uniform rate for all enrollees. An adjusted community rate modifies a community rate by specific case characteristics. Under current law, "case characteristics" means demographic or other objective characteristics of a small employer group's employees, including age, gender, family composition, location, size of group, administrative cost savings resulting from the administration of an association group plan or a plan written through MEHIP, and industry classification.

Small Employer Definition

Connecticut law defines a "small employer" as an employer with one to 50 employees, including a self-employed person. Current law excludes from the small employer definition a (1) private school obtaining health insurance through an association of private schools; (2) municipality participating in MEHIP; (3) nonprofit organization participating in MEHIP, unless the comptroller and the Office of Policy and Management secretary make a written request to the insurance commissioner to treat it as a small employer; and (4) personal care assistants association participating in MEHIP.

Related Bills

sHB 6655 extends MEHIP participation to individuals eligible for a retirement benefit from the Connecticut municipal employee's retirement system and federally qualified nonprofit corporations that have a contract with the state, receive any public funding, or have federal tax-exempt status. It also excludes from the small employer definition (1) community action agencies participating in MEHIP and (2) groups that contribute to the comptroller or an association arranging coverage for 3,000 or more individuals.

sHB 6654 permits licensed insurers and HMOs to design and issue plans that offer flexible benefit designs.

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable Substitute

Yea 13 Nay 3